

# UAC INSURANCE MUTUAL

## *Board of Trustees Meeting*

Thursday, December 21, 2000, 10:00 a.m.  
Davis County Courthouse, Personnel Conference Room #216  
28 East State, Farmington, Utah

A G E N D A

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10:00	Call to Order	Gary Herbert
	Welcome new Board Members	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Driver Policy	Steve Baker Steve Rawlings
	Approval of October 26 and October 30 Minutes	Gary Herbert
	Election of New Officers	Gary Herbert
	Set Date, Time and Place of Regular Meetings for 2001	Gary Herbert
	Revised Agreement for General Administrative Services	Brent Gardner
	Broker's Report	John Chino
12:00	Lunch Break	
	Loss Control Manager's Report	Mark Brady
	Director's Report	Shawn Guzman
	Summary of Financial Statements	Shawn Guzman
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, Physical or Mental Health of an Individual	
2:00	Adjourn	



## **UACIM BOARD OF TRUSTEES MEETING**

### **MINUTES**

December 21, 2000, 10:00 a.m.  
Davis County Courthouse, Room 216

#### **BOARD MEMBERS PRESENT**

Gary Herbert, *President*, Utah County Commissioner  
Dan McConkie, *Vice President*, Davis County Commissioner  
Ken Bischoff, Weber County Commissioner  
Kay Blackwell, Piute County Commissioner  
LaVar Cox, Millard County Commissioner  
Lynn Lemon, Cache County Executive  
Ty Lewis, San Juan County Commissioner  
Royal Norman, Box Elder County Commissioner  
Tex Olsen, Sevier County Commissioner  
Ed Phillips, Millard County Sheriff  
Kent Sundberg, Utah County Deputy Attorney

#### **MEMBERS PRESENT**

Carol Page, Davis County Commissioner  
Steve Rawlings, Davis County Clerk-Auditor  
Mel Wilson, Davis County Attorney  
Steve Baker, Davis County Personnel Director  
Linda May, Davis County Insurance Coordinator

#### **OTHERS PRESENT**

Brent Gardner, UAC Executive Director  
Shawn Guzman, UACIM Director  
Mark Brady, UACIM Loss Control Manager  
Sonya White, UACIM Administrative Assistant  
John Chino, GRMS Account Executive

#### **CALL to ORDER**

Gary Herbert called the meeting to order and thanked Davis County for hosting this meeting.

#### **WELCOME NEW BOARD MEMBERS**

Gary Herbert welcomed the newest Members of the Board who were elected at the November Annual Membership Meeting, Kay Blackwell, LaVar Cox and Lynn Lemon.

#### **REVIEW of BOARD MEMBERS ABSENT**

All Members were in attendance at this meeting.



## DRIVER POLICY

Steve Rawlings explained that the Davis County Risk Management Team—all of which were present at this meeting except for Gerald Hess who asked to be excused—has estimated the annual cost to Davis County in order to comply with the Driver Policy and Risk Management Program prerequisite(s). The estimated annual cost to Davis County is \$17,650 (see attachment 1). If this cost is added to the County's annual premium the increase from 1999 to 2000 is 12% and a 9.2% increase from 2000 to 2001 (see attachment 2). Davis County has concerns regarding the Motor Vehicle Report (MVR) program under the Driver Policy for these reasons: implementation of the program was a year earlier than expected, the Mutual's Personnel Committee concerns and recommendations did not appear to be addressed, approval and announcement of the program came after the County's budgeting cycle, many questions were unanswered at the time of approval, requirement and prerequisites of the program were not fully achievable, the policy was changed after the Coverage Agreement was received, training standards was not specifically set and deadlines for the policy information were moved ahead from previous years.

Steve Baker explained that the Personnel Committee reviewed the first draft of the Driver Policy and unanimously opposed it but because the Committee does not have Board representation, this recommendation was not heard. Davis County feels that in making the MVR program a prerequisite holds all other credits under the Risk Management Program hostage. Davis County has little, if any, support of County employees to complete a training course every three years if they have had no incidents. Because of these concerns and the others already presented, Davis County has drafted some alternatives to the policy for the Board to consider (see attachment 3). Steve also requested that the Board consider granting Davis County the Risk Management Program premium credit, although the County did not meet the prerequisites date due to their concerns with the Drivers Policy.

Shawn Guzman reminded the Board that the attachment point is critical to the financial vitality of the Mutual and the attachment point is maintained by low losses. The Driver Policy was adopted because of the disturbing trend of automobile losses since 1998. Shawn reviewed three charts with the Board to show that losses are trending downward, which he contributes to education/driver training (see attachments 4-6). The Advisory Committee (made up of a commissioners or council member from each member county) made a recommendation to the Board to include the conditions in the Driver Policy that was approved by unanimous vote at the Board's October 7, 1999 meeting. Brett Rich presented the changes to the coverage agreement at the November 17, 1999 membership meeting and the coverage agreement was sent to each member county on January 26, 2000 with the driver policy in place listing a June 1, 2000 submission date for MVRs. At the May 25, 2000 meeting, the Board reviewed a letter received by Davis County requesting that county employee information related to MVRs be considered private and confidential. Because of the questions surrounding the legality of obtaining and providing MVR information to the Mutual, a motion was made to extend the June 1 due date to July 1 but the deadline was not extended under the Risk Management Program prerequisites. At the June 22 meeting the Board moved to redraft the Driver Policy relating to the conditions precedent to coverage. Shawn Guzman presented the draft to the Board at their July 27 meeting after discussions with Davis County in an effort to relieve any concerns with the language. Adoption of the new language was tabled because Dan McConkie was unable to attend that meeting. The amended Driver Policy was adopted at the August 18 meeting by a vote of 8-1, Kent Sundberg opposing. At the October 26 meeting, Brent Gardner requested that the Driver Policy presentation to the membership be taken off the November agenda because additional concerns had been voiced by Davis County.

LaVar Cox made a motion directing the Personnel Committee to review the Davis County drafted alternatives to the Driver Policy and present their recommendations to the Board at their next scheduled meeting, directed Mark Brady to conduct his review of Davis County's compliance to the Risk Management Program and report to the Board at its next meeting and directed a written invitation be extended to Steve Baker as the Chair of the Personnel Committee to attend all UACIM Board meetings as a non-voting member. Ken Bischoff seconded the motion, which passed unanimously.

## APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held October 26 and the telephonic conference held October 30, 2000 were previously sent to the Board Members for review. Ken Bischoff made a motion to approve the October 26 and October 30, 2000 minutes as written. Dan McConkie seconded the motion, which passed unanimously.



## ELECTION of OFFICERS

Pursuant to Article 6.1 of the Bylaws, *The principal officers of the Board shall be...elected by and from among the Trustees at the first Board meeting following each annual meeting of the Members.* Current officers are Gary Herbert, *President*, Dan McConkie, *Vice President* and Sarah Ann Skanchy, *Secretary-Treasurer*. Dan McConkie made a motion to sustain Gary Herbert as President. Royal Norman seconded the motion, which passed unanimously. Royal Norman made a motion to sustain Dan McConkie as Vice President. Kay Blackwell seconded the motion, which passed unanimously. Royal Norman made a motion to elect Ken Bischoff as Secretary-Treasurer. Dan McConkie seconded the motion, which passed unanimously.

## DIRECTOR'S REPORT

Robert Driver Quote. Shawn Guzman reported that Robert Driver will wait until an official Request for Proposal (RFP) is received before making a proposal to the Mutual for reinsurance coverage.

Uninsured/Underinsured Motorist. Shawn reported that state statute has now eliminated the Worker's Comp exception from uninsured/underinsured motorist laws, which means that the Mutual may have to cover employees who are injured by third parties in automobiles. The Mutual can exclude coverage, however there are notification requirements that need to be met. Pursuant to recommendations presented by Shawn, Dan McConkie made a motion to maintain the lower uninsured/underinsured motorist limits as afforded under the coverage agreement for 2001, directed Shawn to define the definition of "insurer" with the Insurance Department and work with the Utah Association of Counties to draft legislation to reinsert the Worker's Comp provision into the statute. Ken Bischoff seconded the motion, which passed unanimously.

Mental Health Services in County Jails. Shawn explained that the Disability Law Center (DLC) has made demands for a member county's policy on mental health for inmates as well as information on the provider. On behalf of the Utah Sheriffs Association, Shawn requested that the Board approve the Mutual's hiring of Frank Mylar to respond to the DLC and assist the Sheriffs in developing minimum standards for mental health care in county jails. Once the standards are developed, the responsibility to respond will be placed on the appropriate Mental Health Agency. Ed Phillips made a motion authorizing Shawn to retain Frank Mylar, up to an amount of \$3000, to respond to the DLC and assist in the development of mental health care standards. Lynn Lemon seconded the motion, which passed unanimously.

Letter to Insurance Coordinators. A letter was sent on December 13 to all the member county insurance coordinators regarding the following items: Coverage for Builder's Risk and Newly Acquired Properties under the new property reinsurer, Travelers; Repair of damage prior to reporting a claim; and the Public Officials & Employees Bonding program. At the insurance coordinator training in April, Shawn will suggest that counties request contractors to break out insurance costs in their RFP, then the cost can be compared to the premiums charged through Travelers to compare where a savings can be made.

Building Lease/Purchase Agreement. Shawn reported that he, Brent Gardner, Kent Sundberg and Bill Peters met with a new attorney from Ballard Spahr Andrews and Ingersoll regarding the draft agreement. The new attorney had to be briefed and a draft of changes still needs to be reviewed. The agreement is retroactive so the Mutual has not been compromised by this delay.

Membership Proposal for Morgan County. Shawn explained that he contacted Morgan County for the written request to provide a quote and was informed that the County's property and casualty (P&C) insurance does not expire until September 2001. Their health coverage is lapsing January. Morgan County will submit an RFP to the Mutual closer to their P&C expiration date.

## SET DATE, TIME AND PLACE of REGULAR MEETINGS for 2001

Ken Bischoff made a motion setting the following dates as the tentative regular meeting dates for 2001: January 26, February 16, March 15, April 18, May 17, June 21, July 19, August 16, September 20, October 18, November 14 and December 20. Kay Blackwell seconded the motion, which passed unanimously.





#### REVISED AGREEMENT for GENERAL ADMINISTRATIVE SERVICES

Brent Gardner reported that the changes to the Administrative Services Agreement between UAC and UACIM were brought before the UAC Board of Directors at the November 15 meeting. Based on the Board's discussion, Bill Peter's has drafted the following changes to the Agreement: Debt Service to include the Mutual's interest in the building and property and Reimbursement for Services as of year 2000 for any surplus over five percent of the total annual fee (see attachment 7). The Board did not agree with the five percent provision that would calculate to approximately \$22,500. Ty Lewis made a motion to accept the revised Agreement only if the five percent provision is changed to over/under \$1000. Kent Sundberg seconded the motion, which passed unanimously. Brent will schedule this item on the UAC Board agenda for January.

#### BROKER'S REPORT

John Chino reported that the Director's and Officers policy has been renewed at a premium of \$6311 for UAC, UACIM and MCAT through Scottsdale Insurance Company. He noted an exclusion for failure to maintain insurance but he has contacted Bret VanLeuwen to remove this exclusion. The premium also includes publishers' coverage since UAC and UACIM publish a newsletter. Pursuant to Shawn Guzman's request, Gallaghers is preparing a quote for a \$2 million limit—the policy has been issued with a \$1 million limit. Kent Sundberg made a motion to approve the Scottsdale D&O policy as presented with a \$1 million limit—the quote for \$2 million will be reviewed once received from Gallaghers. Dan McConkie seconded the motion, which passed unanimously.

#### LOSS CONTROL MANAGER'S REPORT

Mark Brady reported that this month he has conducted the Risk Management Program review in Box Elder, Cache, Carbon, Emery, Garfield, Iron, Juab, Kane, Millard, Piute, Sevier, Utah and Wasatch Counties. He has enjoyed meeting with these counties and will continue to conduct his reviews so that premium credits can be issued.

#### SUMMARY of FINANCIAL STATEMENTS

The financial statements for the months ending October and November 2000 were previously sent to the Board for review. Shawn Guzman reviewed the numbers of the November statements with the Board. The *Statutory Statement of Admitted Assets, Liabilities and Surplus* (page three) shows total surplus at \$3,851,553, a \$91,886 increase from October. Net Income (page four) is at \$446,797, a \$47,496 increase from October. The *Notes to Statutory Financial Statements* (page 8-10) were reviewed to help new members better understand insurance accounting. Language was added, pursuant to the request of the Board, to item nine *Surplus Notes* (page 10) to read, *the remaining balance was paid in full on March 30, 2000*. The interest rates dropped from October to November from 6.71% PTIF to 6.70% and 5.82% FSB to 5.62%. The *Budget to Actual Comparison* (page 12) shows the Net Income of the Mutual at 154% with the budget year 91% complete.

#### SET DATE and TIME for CLOSED MEETING

Lynn Lemon made a motion setting the date/time for a closed meeting to begin at 1:00 p.m. December 21, to discuss pending or reasonably imminent litigation. Royal Norman seconded the motion, which passed unanimously.

Ty Lewis made a motion to conclude the closed meeting at 1:30 p.m. on December 21, 2000. Kent Sundberg seconded the motion, which passed unanimously.

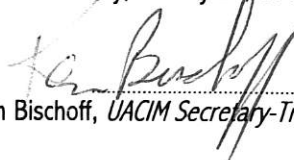
#### ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing an Offer of Judgment in the amount of \$200,000 including attorney's fees in the matter of claim WEB00087920. Tex Olsen seconded the motion, which passed unanimously.

Kent Sundberg made a motion directing Shawn Guzman and Brent Gardner to schedule a meeting with the Grand County Council and members of the UACIM Board to negotiate defense coverage in the matter of claim 801GRA985400. Royal Norman seconded the motion, which passed unanimously.

#### OTHER BUSINESS

The next meeting of the Board of Trustees will be held Friday, January 26, 2001 at 9:30 a.m. at the UAC Building.

 Approved on December 21, 2000  
Ken Bischoff, UACIM Secretary-Treasurer, Weber County Commissioner



Davis County, Utah – Estimated Annual Costs  
UACIM Driver Program

Training every three years (\$51,000 / 3)	\$17,000.00
Access and copy reports 30 hours	450.00
Supplies and other	<u>200.00</u>
Estimated Annual Cost (2000 dollars)	\$17,650.00



# DAVIS COUNTY, UTAH - UACIM INSURANCE

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000est.	2001budg.
UACIM Premiums	\$ 203,457	\$ 213,153	\$ 222,835	\$ 258,907	\$ 281,131	\$ 287,812	\$ 302,203	\$ 323,357	\$ 345,992	\$ 370,211
Percent Increase		4.8%	4.5%	16.2%	8.6%	2.4%	5.0%	7.0%	7.0%	7.0%
Prior year credits							\$ (5,938)	\$ (6,383)	\$ (8,511)	\$ -
Net Premiums	\$ 203,457	\$ 213,153	\$ 222,835	\$ 258,907	\$ 281,131	\$ 287,812	\$ 296,265	\$ 316,974	\$ 337,481	\$ 370,211
Percent Increase		4.8%	4.5%	16.2%	8.6%	2.4%	2.9%	7.0%	6.5%	9.7%
Added MVR cost									\$ 17,650	\$ 17,650
Total Cost									\$ 355,131	\$ 387,861
Percent Increase									12.0%	9.2%



## **Davis County, Utah - UACIM Presentation**

December 21, 2000

### **Summary of MVR Program Concerns**

Implementation of program was a year earlier than expected

Personnel Committee concerns and recommendations did not appear to be addressed

Approval and announcement of program came after County budgeting cycle

Many questions were unanswered at the time of approval

Requirements and prerequisites of program were not fully achievable

Policy was changed after coverage agreement was received

Training standard was not specifically set

Deadlines for policy information were moved ahead from previous years





### III. SPECIFIC CONDITIONS – AUTO LIABILITY SECTION

#### A. Each **Member** agrees to:

1. on or before June 1, 2001, obtain a current State of Utah Motor Vehicle Report for each **Insured** that the **Member** should reasonably anticipate will drive a motor vehicle in the scope of employment with the **Member** during the coverage period; and
2. provide a written statement to the **Mutual** on or before June 1, 2001, with the names of each **Insured** whose Motor Vehicle Report was obtained along with copies of the reports of any **Insured** who has any of the following offenses on the record:
  - i. a conviction for Driving Under the Influence of Alcohol, Drugs or with Specified or Unsafe Blood Alcohol Concentration, Alcohol Related Reckless Driving, or Reckless Driving since January 1, 2000;
  - ii. has two or more moving violations ~~since January 1, 2000~~ during the last 12 months;
  - iii. has had their driver's license suspended or revoked since January 1, 2000; and
3. maintain the records obtained for each **Insured** on file until June 1, 2002, and to make the records available for inspection by the **Mutual**; and
4. before extending an offer of employment, obtain a current State of Utah Motor Vehicle Report for each prospective employee who the **Member** should reasonably anticipate will drive a motor vehicle in the scope of employment, or, in the alternative, extending an offer of employment conditional upon the receipt and review of the report by the **Member**.
5. require each **Insured** ~~under sub-section 1~~ with an offense listed in sub section 2. above under sub-sections i, ii, or iii to complete a driver's training course ~~at least every three (3) years~~ before September 1.
6. Require every driver complete a training course during the first year of employment which addresses:
  - i. Checking of MVRs;
  - ii. County policies regarding seatbelts, smoking, and cell phones and other related procedures;
  - iii. Procedures to follow if involved in an accident;
  - iv. Changes in driving laws and defensive driving strategies.



III. SPECIFIC CONDITIONS - AUTO LIABILITY SECTION

- A. As a condition precedent to coverage under this section the **Member** shall:
1. on or before June 1, 2000, submit a current **Motor Vehicle Report** prepared by the State of Utah for each **Insured** that the **Member** should reasonably anticipate will drive an auto in the scope of employment with the Member during the coverage period; and
  2. require each person for whom a report is required under sub-section 1, to complete a driver's training course at least every two years;
- B. The **Member** shall provide separate insurance for each person reasonably anticipated to drive an **Auto** in the scope of employment with the **Member** during the coverage period, to whom any of the following applies:
1. the latest **Motor Vehicle Report** shows an offense for either **Driving Under the Influence**, or **Alcohol Related Reckless Driving** since January 1, 2000;
  2. the **Motor Vehicle Report** submitted under A.1. shows more than 180 points; or
  3. has had two or more at fault accidents in the past year for which the Mutual has incurred loss;
- C. In the event that liability is incurred by reason of **Bodily Injury** suffered by any employee of a **Member** which does not arise out of the injured employee's employment and for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.

In the event that liability is incurred by reason of **Property Damage** to property belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.

Nothing contained in this condition shall operate to increase the **Mutual's** limits of liability.



TO: Dannie R. McConkie, Commission Chairman

FROM: Steve Baker, Personnel Director

DATE: July 19, 2000

SUBJECT: UACIM Driver Insurance

I met today with Shawn Guzman, Steve Rawlings, and Gary McKean to discuss problems the current UACIM insurance policy causes Davis County regarding MVRs, training and related issues. We had a good discussion and talked about many concepts but the following statements capture the ideas we agreed upon.

I'm hoping you would agree with them and champion their adoption at an upcoming UACIM Board meeting. The UACIM Personnel Committee would be happy to provide assistance on this topic.

1. Counties would adopt a policy regarding driving on County business.
2. Counties would conduct a pre-employment check of applicant MVRs and discuss concerns with applicant.
3. Counties would obtain an MVR report on each employee who drives on County business. Reports would be obtained during March.
4. MVRs reporting at least one of the following would be reported to UACIM:
  - Accident
  - DUI/Alcohol Related Reckless Driving
  - Revocation of license or insurance
  - Suspension/loss of license or insurance
  - Multiple moving citations
5. Information in #4 would be reported to UACIM in April and cover the year March 1 to February 28.
6. UACIM will audit the MVRs each year.
7. Employees with an incident listed in #4 would be counseled and could be sent to a driver training course and/or disciplined by the County.

Thank you for your assistance, if you have any questions, please call me.

cc: Steve Rawlings, Davis County Clerk/Auditor  
Gary McKean, Davis County Deputy Attorney  
Shawn Guzman, UACIM Director



### III. SPECIFIC CONDITIONS - AUTO LIABILITY SECTION

A. ~~As a condition precedent to coverage under this section the Member shall~~  
Each **Member** agrees to:

1. on or before June 1, ~~2000~~ 2001, ~~submit~~ obtain a current State of Utah Motor Vehicle Report ~~prepared by the State of Utah~~ for each **Insured** that the **Member** should reasonably anticipate will drive a ~~auto~~ motor vehicle in the scope of employment with the **Member** during the coverage period; and
2. provide a written statement to the **Mutual** on or before June 1, 2001, with the names of each **Insured** whose Motor Vehicle Report was obtained along with copies of the reports of any **Insured** who has any of the following offenses on the record:
  - i. a conviction for Driving Under the Influence or Alcohol Related Reckless since January 1, 2000;
  - ii. has two or more moving violations since January 1, 2000;
  - iii. has had their driver's license suspended or revoked since January 1, 2000

The **Member** further agrees to maintain the records obtained for each **Insured** on file until June 1, 2002, and to make the records available for inspection by the **Mutual**; and

3. before extending an offer of employment, obtain a current State of Utah Motor Vehicle Report for each prospective employee who the **Member** should reasonably anticipate will drive a motor vehicle in the scope of employment, or, in the alternative, extending an offer of employment conditional upon the receipt and review of the report by the **Member**.

4. require each person for whom a report is required under sub-sections 1 & 2 to complete a driver's training course at least every ~~two~~ three years;

B. ~~The **Member** shall provide separate insurance for each person reasonably anticipated to drive an Auto in the scope of employment with the **Member** during the coverage period, to whom any of the following applies:~~

- ~~1. the latest Motor Vehicle Report shows an offense for either Driving Under the Influence, or Alcohol Related Reckless Driving since January 1, 2000;~~
- ~~2. the Motor Vehicle Report submitted under A.1. shows more than 180 points; or~~

~~3. has had two or more at fault accidents in the past year for which the Mutual has incurred loss;~~

- C. In the event that liability is incurred by reason of **Bodily Injury** suffered by any employee of a **Member** which does not arise out of the injured employee's employment and for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.

In the event that liability is incurred by reason of **Property Damage** to property belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.

Nothing contained in this condition shall operate to increase the **Mutual's** limits of liability.



### III. SPECIFIC CONDITIONS - AUTO LIABILITY SECTION

#### A. Each **Member** agrees to:

1. on or before June 1, 2001, obtain a current State of Utah Motor Vehicle Report for each **Insured** that the **Member** should reasonably anticipate will drive a motor vehicle in the scope of employment with the **Member** during the coverage period; and
2. provide a written statement to the **Mutual** on or before June 1, 2001, with the names of each **Insured** whose Motor Vehicle Report was obtained along with copies of the reports of any **Insured** who has any of the following offenses on the record:
  - i. a conviction for Driving Under the Influence of Alcohol, Drugs or with Specified or Unsafe Blood Alcohol Concentration, Alcohol Related Reckless Driving, or Reckless Driving since January 1, 2000;
  - ii. has two or more moving violations since January 1, 2000;
  - iii. has had their driver's license suspended or revoked since January 1, 2000; and
3. maintain the records obtained for each **Insured** on file until June 1, 2002, and to make the records available for inspection by the **Mutual**; and
4. before extending an offer of employment, obtain a current State of Utah Motor Vehicle Report for each prospective employee who the **Member** should reasonably anticipate will drive a motor vehicle in the scope of employment, or, in the alternative, extending an offer of employment conditional upon the receipt and review of the report by the **Member**.
5. require each **Insured** for whom a report is required under sub-section 2 to complete a driver's training course at least every three years;

- B. In the event that liability is incurred by reason of **Bodily Injury** suffered by any employee of a **Member** which does not arise out of the injured employee's employment and for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.

In the event that liability is incurred by reason of **Property Damage** to property belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.

Nothing contained in this condition shall operate to increase the **Mutual's** limits of liability.



## MINUTES from the DRIVER POLICY DISCUSSIONS at The UACIM BOARD of TRUSTEES MEETINGS

August 18, 2000

### DRIVER POLICY

Shawn Guzman reviewed recommended changes to the Auto Liability Section of the 2000 Coverage Agreement with the Board (see attachment #3). Changes to A.2 were incorporated under the direction of the Davis County Attorney's office. The main changes in the section are: no separate insurance requirement for drivers with the offenses listed in section two and only those motor vehicle records for drivers with these offenses must be submitted to UACIM but motor vehicle records must be obtained on all drivers and kept at the county offices. Ty Lewis made a motion to approve the amended auto liability section of the 2000 Coverage Agreement with the following change to A.5 *require each Insured for whom a report is required under sub-section 1 to complete a driver's training course at least every three years*. Chad Johnson seconded the motion, which passed with Kent Sundberg opposed.

July 27, 2000

### DIRECTOR'S REPORT

Draft Driver Policy. As directed by the Board at the June 22 meeting, Shawn Guzman reviewed his draft changes to the auto liability section of the Coverage Agreement (see attachment #5). On July 19, Shawn met with Steve Rawlings and Gary McKean to discuss the concerns that Davis County has with the current section. The discussions were outlined in a memorandum to Commissioner Dan McConkie (see attachment #6). A letter from Rich Stokluska states that the specific conditions of the auto liability section instituted by the Mutual is not a condition of insurability and will not affect coverage with the reinsurer (see attachment #7). Because Dan McConkie was unable to attend this meeting, he requested that Shawn convey his desire to table the adoption of a revised policy until the next meeting he can attend—the Board agreed.

June 22, 2000

### DIRECTOR'S REPORT

County Driver Motor Vehicle Reports. UACIM received a confirmation letter from the Utah Driver License Division stating that the Mutual, as a government agency, is a qualified requester under permissible use #1 to receive motor vehicle report (MVR) information (see attachment #1). Shawn reported that as a governmental agency, UACIM can obtain MVRs on the State of Utah's website at no charge. He and Sonya White have been issued access to this function in order to assist counties in obtaining these reports. As of today, Carbon, Piute, Rich, Washington and Wayne Counties have not submitted their reports. Because the *Coverage Agreement* states that the receipt of MVRs is a condition of coverage, Dan McConkie made a motion to extend the receipt date to August 1. Tex Olsen seconded the motion, which failed 4-3. During the meeting, Brent Gardner phoned the insurance coordinators of the counties who have not submitted their MVRs and was assured that the reports are in the mail. Due to concerns regarding coverage conditions and the defining of points, Sarah Ann Skanchy made a motion directing Shawn to redraft *Section III* of the *Coverage Agreement* for review by the Board at the next meeting. The motion was seconded and passed with Dan McConkie opposing.

May 25, 2000

## DIRECTOR'S REPORT

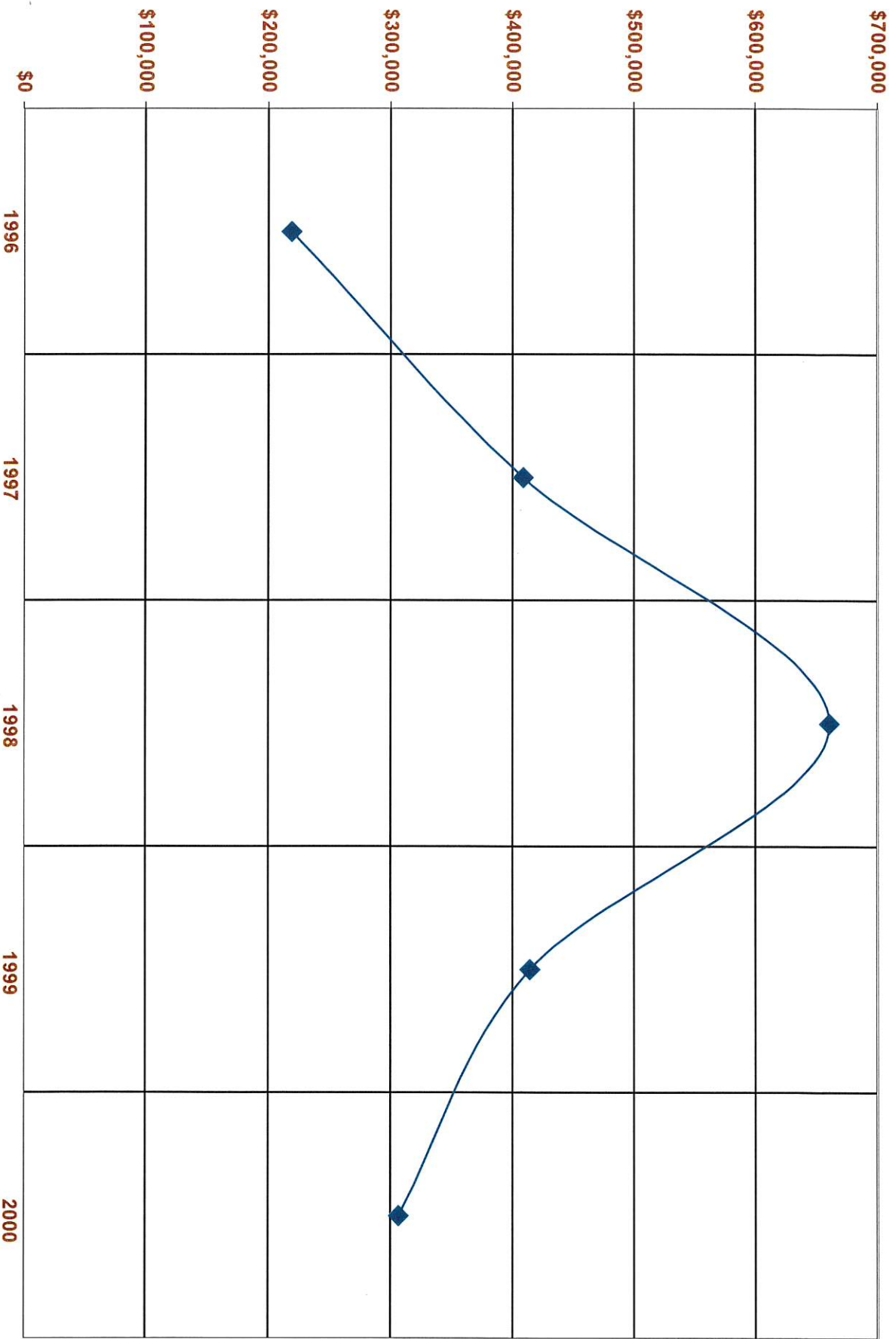
County Driver Motor Vehicle Reports. As a condition to coverage under the automobile liability section of the coverage agreement, members are required to submit motor vehicle reports (MVRs), for all employees/volunteers reasonably expected to operate an auto while in the scope of county employment, to the Mutual by June 1. In the past few days, some members expressed concerns over the legality of obtaining the MVRs and providing them to the Mutual. Brett Rich read a letter to the Board that he received from Steve Rawlings, Davis County Clerk-Auditor, expressing concerns and relaying the position of Davis County on this issue (see attachment #1). In 1999, when this condition was written into the agreement, the Mutual was statutorily entitled to these records pursuant to section 53-3-104(1) which reads, *the division shall (i) search the license files, compile and furnish a report on the driving record of any person licensed in the state when requested by any person.* During the 2000 legislative session, the legislature passed SB174 that amends section 53-3-104(1) and enacts section 53-3-109. The affect is that all records of the Division shall be classified and disclosed in accordance with Title 63 Chapter 2 GRAMMA and allows for disclosure of personally identifying information in compliance with the federal regulations. Brett Rich and Shawn Guzman have researched the applicable state and federal statutes and consulted with staff of the Division of Motor Vehicles who confirmed that insurance companies and political subdivisions of the State fall within the exemptions of the federal regulations and may therefore still obtain motor vehicle reports.

During the meeting, the Board contacted Dee Larson, Legislative Research Staff Attorney, who drafted SB174. He told the Board that the effective date of the amendments was May 2, 2000. He also confirmed the position of the Department of Motor Vehicles regarding the continued ability of either counties or the Mutual to obtain the reports.

Due to the recent questions about the legality of obtaining and providing the MVRs, Chad Johnson made a motion that for purposes of providing and maintaining auto liability coverage under the 2000 coverage agreement, the deadline for receiving the reports is extended from June 1, 2000 to July 1, 2000. However, the deadline shall not be extended for purposes of receiving credit under the Risk Management Program. Royal Norman seconded the motion, which passed unanimously. Brett Rich will ask the broker to notify and obtain consent to this extension from the reinsurer.

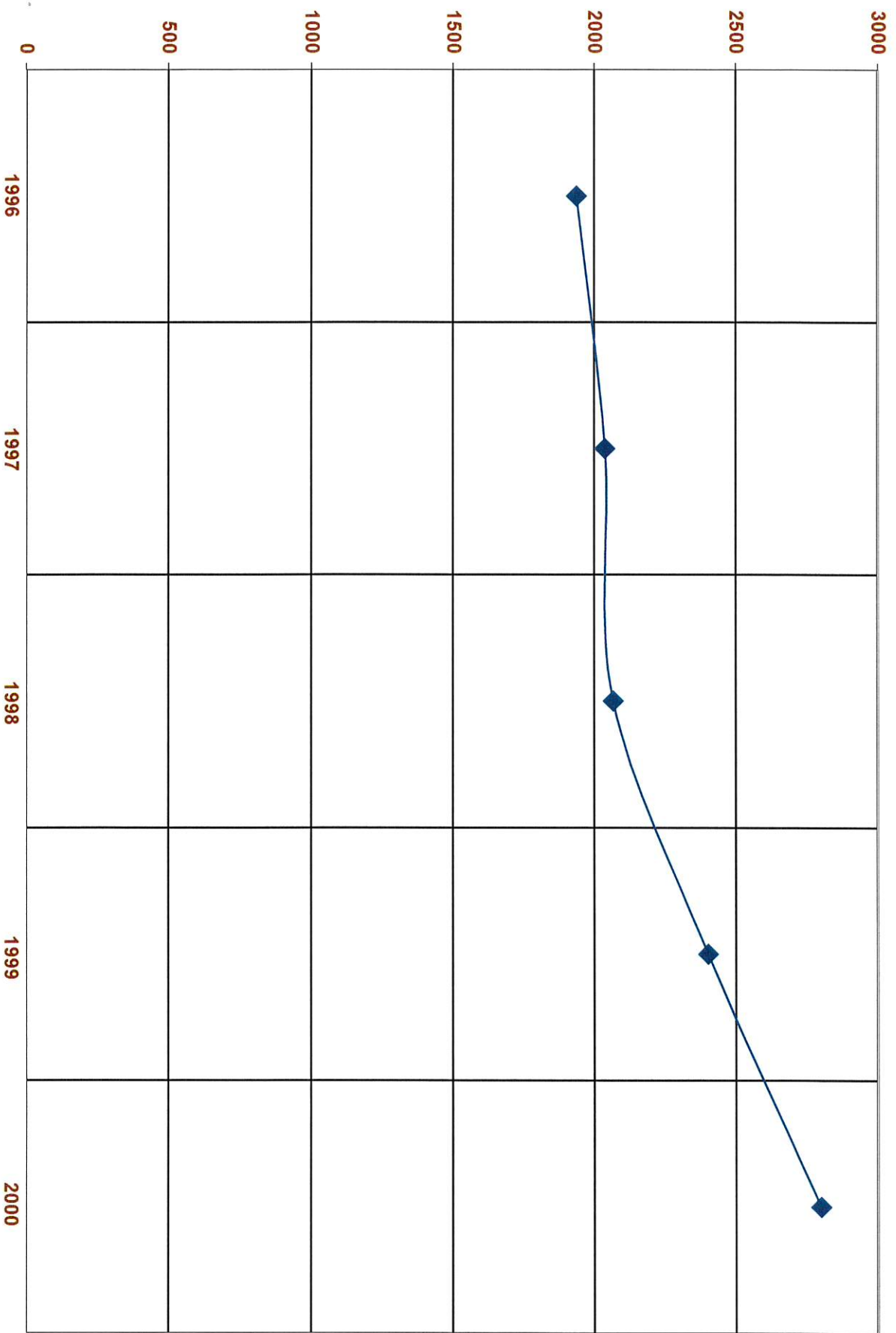
# AUTOMOBILE

Total Incurred





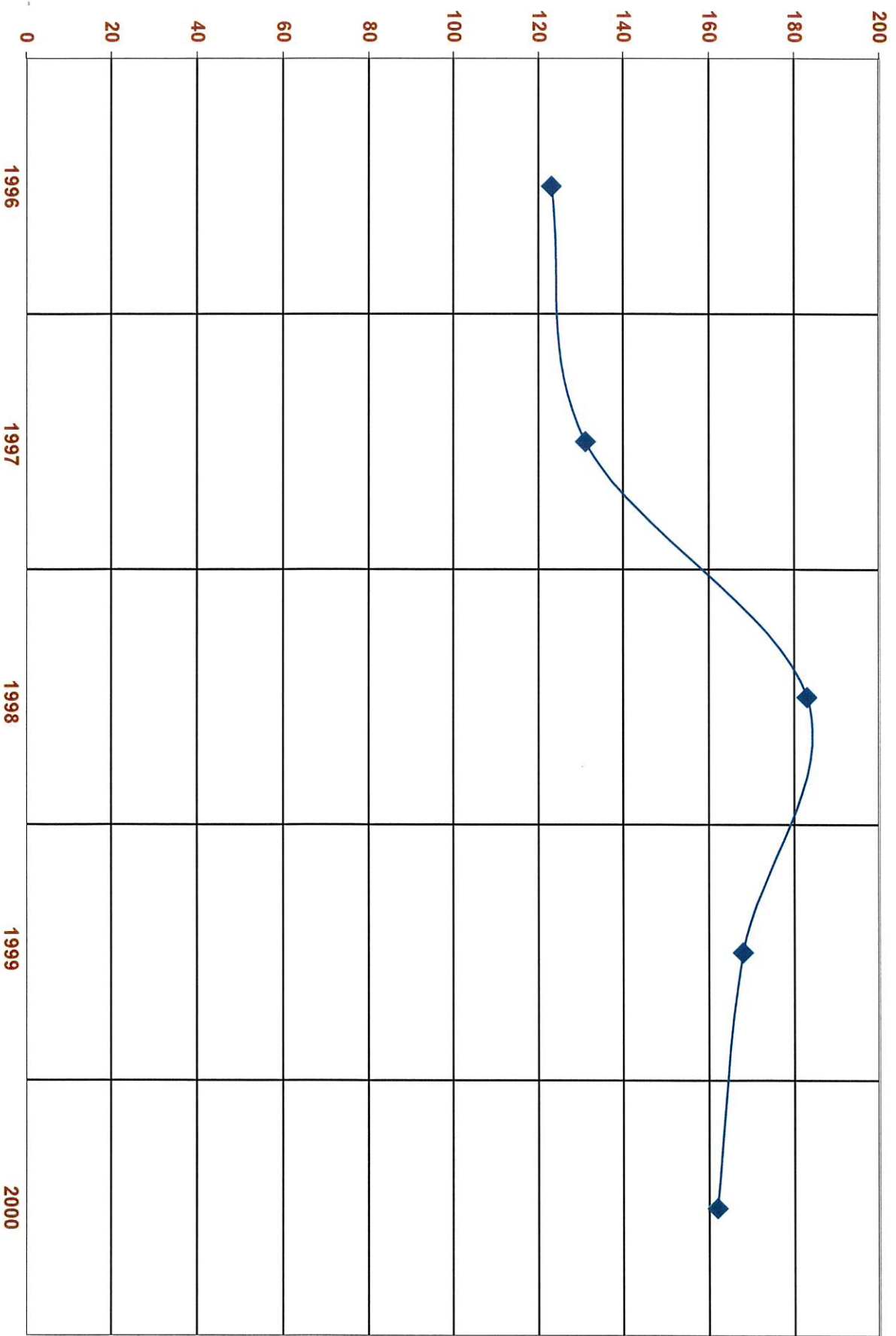
# AUTOMOBILE Exposure







**AUTOMOBILE**  
Number of Claims





## AGREEMENT FOR GENERAL ADMINISTRATIVE SERVICES

This Agreement is by and between the Utah Association Insurance Mutual (hereinafter "UACIM") and the Utah Association of Counties (hereinafter "UAC"). In consideration of the mutual covenants herein contained, the parties agree as follows:

1. **Term.** This Agreement shall take effect on the date UACIM's Bylaws become effective pursuant to Article 17 of the Bylaws and Articles of Incorporation.
2. **Office Space.** UACIM shall occupy office space provided by UAC, the rental value of which is included in the annual sum paid by UACIM and UAC.
3. **Determination of Annual Rent.** The rental to be paid by UACIM to UAC shall be based upon the actual space occupied by UACIM as a prorata share of the total available square footage in the UAC building. Such rental amount shall include the following:
  - a. UACIM's share of the cost of annual debt service owed by UAC (which amount varies from year to year).
  - b. UACIM's prorata share of the operating and maintenance expenses incurred by UAC.
  - c. UACIM's prorata share of the reserves required to be maintained by UAC pursuant to its financial arrangements.
4. **The Effect of Debt Service.** UACIM and UAC acknowledge and agree that UACIM's payment of a proportionate share of UAC's debt service on the UAC building, ~~does not and will not include any its interest in and to said UAC building and property by UACIM. However, once the debt on the UAC building has been fully retired, UAC and UACIM acknowledge and agree that the rent to be paid by UACIM to UAC shall be renegotiated taking into consideration the fact that such indebtedness has been paid in full as more specifically set forth in the UACIM Sublease/Purchase Agreement.~~
5. **Reimbursement for Services.** UACIM shall pay UAC for all services rendered under this Agreement, a total annual sum which shall consist of all expenses associated with UAC staff's administration of the pool, as determined annually and approved by the UAC Board of Directors and the UACIM Board of Directors Trustees Commencing with the 2000 annual service fee, UAC will refund to UACIM any surplus amount over five (5) percent of the total annual fee. In the years when administrative expenses exceed the annual fee, UACIM will reimburse UAC for all expenses associated with the administration of the pool over five (5) percent of the total annual fee. UACIM shall reimburse UAC for reasonable costs UAC incurred in the formation of UACIM.
6. **Services.** UAC shall retain a Pool Administrator and other staff members, as

appropriate, to provide or arrange for provision of services to UACIM. Such services shall include, but not necessarily be limited to : Bookkeeping; preparation of financial statements; preparation of necessary reports on claims, recording and depositing of payments; providing information to potential members; reviewing claims from members' reviewing and making recommendations on all UACIM contracts; maintaining a compliant register; acting as a liaison with state authorities and responding to inquiries from state authorities; computing and providing membership contribution billings; filing required forms and reports with state and other governmental authorities; maintaining appropriate files; assisting the UACIM auditor and actuary as necessary; reviewing the performance of all contract service providers; coordinating banking functions, handling deposits and reconciliations; implementing investment policies membership meetings; attending membership and Board meetings and other meetings necessary to the administration of the UACIM; keeping detailed minutes of member and Board meetings; and administering committees established by the Board. The Pool Administrator may execute all contracts on behalf of the UACIM which are necessary to provide the general administrative services described herein if any moneys to be expended under the contract are included in the UACIM's approved budget or any revisions thereto.

7. **Other Service Providers.** Nothing in the Agreement is intended to make UAC, its officers, or employees liable for the errors, omissions, negligence, or other torts of UACIM's claims administration service or of any other contract service provider to UACIM; and no such liability shall exist. UAC shall not be responsible for the duties assigned to UACIM's other service providers pursuant to contract or decision of the Board.
8. **Amendments.** This Agreement may be amended by mutual written agreement of the parties.
9. **General Provisions.** This Agreement contains all agreements, understandings and arrangements between the parties and no other exist. All previous agreements, understandings and arrangements between the parties are terminated by the Agreement.

By these signatures, the parties agree to all the terms, conditions and provisions of this Agreement.

Utah Association of Counties

Utah Association of Counties Insurance  
Mutual

By: \_\_\_\_\_  
President  
Board of Directors

By: \_\_\_\_\_  
President  
Board of Trustees

Date: \_\_\_\_\_

Date: \_\_\_\_\_